

REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

859

CONTRACTORS' STATE LICENSE BOARD:  
NEED FOR IMPROVED ADMINISTRATION  
OF THE COMPLAINT PROCESSING PROGRAM

MAY 1979



# California Legislature

## Joint Legislative Audit Committee

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RICHARD ROBINSON  
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The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report entitled "Contractors' State License Board: Need for Improved Administration of the Complaint Processing Program."

The report identifies a number of deficiencies which inhibit the ability of the board to protect consumers. These deficiencies lead to significant delays in dealing with consumer problems. The board's resolution of a typical complaint averages nearly six months although delays of over one year are common.

For consumers, such delays are both frustrating and expensive. In August 1977, a consumer filed a complaint concerning improperly laid linoleum. After two field visits by a board investigator, over 30 calls to the board by the consumer, and nine and one-half months, the investigator agreed that the linoleum had been improperly installed. During this time, the sale of the consumer's home had been delayed due to a contingency on the repair of the floor. In another case, a consumer complained in October 1977 about a leaking roof. After numerous calls and several visits by an investigator, the consumer was told the problem would be "taken care of." Fifteen months after the initial complaint, the roof still leaked.

The report makes a number of recommendations which, if implemented, should improve the board's responsiveness to consumers. I am pleased to state that the board has indicated that implementation of these recommendations is now underway. However, progress in the implementation of these reforms should be carefully monitored to assure consumers that they will receive timely help from this important consumer protection agency.

The auditors are Harold L. Turner, Audit Manager; Richard C. Tracy; Martha H. Valdes; and Edwin H. Shepherd.

Respectfully submitted,

RICHARD ROBINSON  
Assemblyman, 72nd District  
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## SUMMARY

We have examined the Contractors' State License Board (CSLB) of the Department of Consumer Affairs. The board licenses, registers and regulates contractors and home improvement salesmen. The board's complaint-handling and investigation program is the subject of this report.

We identified various weaknesses that inhibit the board's ability to effectively and efficiently handle consumer complaints. Although some problems may be the result of an increased workload, we found that:

- Inadequate procedures cause excessive delays in investigating and resolving consumer complaints. The average processing time approaches six months, but delays of over one year have occurred. Because of these delays, CSLB may be unresponsive to legitimate consumer complaints;
- CSLB's automated Investigation Management Information System fails to provide management with timely, accurate or appropriate data. To compensate for inadequacies in the system, CSLB has maintained duplicate manual systems.

To alleviate weaknesses related to complaint-handling, we have suggested that the board (1) adopt a timetable and specific production goals and procedures to reduce its complaint backlog and (2) develop and implement operating procedures to efficiently process consumer complaints.

Also, we recommend that the board improve its management information system by (1) evaluating management information needs at each organizational level, (2) checking the performance of the present system and (3) introducing system modifications gradually, to ensure program reliability.

In Appendix B we provide various staffing alternatives that should further assist CSLB in reducing its complaint backlog. In addition, we have included for legislative consideration a section relating to CSLB's enforcement program.

## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee, we have examined the Contractors' State License Board (CSLB) Complaint Processing Program. The examination was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

## BACKGROUND

The Contractors' State License Board is one of the Department of Consumer Affairs' 38 boards, bureaus and commissions that regulate the practices of various businesses and professions. Its budget is the largest of the 38 agencies within the Department and it receives the greatest number of consumer complaints. The board is empowered under the Contractors' License Law to license and regulate contractors and home improvement salesmen.\*

The board's function is to ensure that only those entities who meet prescribed qualifications will be licensed or registered to work in the above industries. In addition, CSLB is required to both enforce Contractors' License Law and police unlicensed activity.

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\* See Business and Professions Code, Section 7000, et seq., for the entire Contractors' License Law.

## ORGANIZATION AND STAFFING

The board consists of 13 members appointed by the Governor for staggered four-year terms. The board is vested with all the functions and duties relating to the administration of the Contractors' License Law, except those functions and duties vested in the Director of the Department of Consumer Affairs.

The law directs the board to appoint a registrar to act as its executive officer and secretary. The registrar carries out all administrative duties as delegated to him by the board. The appointment is subject to approval by the Director of the Department of Consumer Affairs.

In general, the CSLB is organized to:

1. License contractors who qualify with respect to solvency, knowledge, experience and competence within delineated contracting classifications
2. Investigate and attempt to resolve consumer complaints alleging violations of the contractors license law and, at times, initiate disciplinary proceedings or take disciplinary actions against a violating contractor.

The complaint program is the subject of this report.

The CSLB complaint program is coordinated with the northern, central and southern regions of the State. Fifteen district and 15 branch offices in each of these areas report to their regional offices. Each district office receives and takes action on complaints.

CSLB had 251.2 authorized positions in fiscal year 1977-78. The complaint program was allocated 139 positions. Of these 139 positions, 113 were charged to field investigators.

On December 8, 1978 the board dismissed the Registrar and appointed the Northern Regional Manager as Acting Registrar until a new Registrar is appointed.

#### FUNDING

Primarily, licensee and registrant fees support CSLB operations. These fees flow into a special fund known as the Contractors' License Fund. The following table shows revenues, expenditures and accumulated surplus of the fund.

CONTRACTORS' LICENSE FUND  
(unaudited)

	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>
Accumulated Surplus July 1	\$4,863,019	\$ 697,647	\$ 8,243,365
Total Revenues	<u>\$2,473,337</u>	<u>\$14,699,979</u>	<u>\$ 5,202,315</u>
Total Resources	\$7,336,356	\$15,489,163	\$13,445,680
Expenditures	<u>\$6,638,709</u>	<u>\$ 7,245,798</u>	<u>\$ 7,428,250</u>
Accumulated Surplus June 30	\$ 697,647	\$ 8,243,365	\$ 6,017,430

Source: Governor's Budget, Fiscal Year 1978-79.

OTHER CSLB REVIEW AND STUDIES

During the past several years, other organizations have studied and reported on CSLB's complaint-handling program. The principal studies were conducted by Arthur Andersen and Company in 1973 and the Department of Finance in 1975.

Arthur Andersen and Company recommended that the CSLB increase their staffing and institute procedural changes in their complaint-handling procedures to help reduce backlog and improve efficiency.

The Department of Finance recommended that CSLB adopt a system of information reporting and productivity measurement to provide CSLB management with a means of managing complaint workload.

SCOPE

In accordance with the legislative request, we concentrated on evaluating the administration of the Board's complaint program. We reviewed and analyzed pertinent statutes and regulations; examined appropriate records, performance data and automated reporting systems; visited regional and district offices to interview staff members and review their records; and interviewed agency staff and department officials. We sent questionnaires regarding the board's management information system to all Regional Managers and District Supervisors. We also made a comparative study of other boards and bureaus that handle consumer complaints within the Department of Consumer Affairs.

## AUDIT RESULTS

### IMPROVED PROCEDURES FOR INVESTIGATING AND RESOLVING CONSUMER COMPLAINTS NEEDED

The CSLB has failed to develop adequate procedures to ensure efficient and effective investigation of consumer complaints. Average processing time for a single complaint approaches six months, but delays of over one year are common. Because of these delays, CSLB often fails to take timely action against improper contractor activity and may be unresponsive to legitimate consumer complaints. Although some problems may be attributable to increased workloads, we identified various procedural deficiencies that limit the timely investigation and resolution of complaints.

### Complaint Investigation Requirements

The Contractors' License Law, pursuant to Business and Professions Code, Section 7000, et seq., requires the registrar of the CSLB to investigate the actions of any contractor upon the receipt of a written complaint. Section 7090 of the code states in part:

The registrar ... shall upon the verified complaint in writing of any person, investigate the actions of any contractor ... within the state and may temporarily suspend or permanently revoke any license ... if the holder, while a licensee ... or applicant hereunder, is guilty of or commits any one or more of the acts or omissions constituting causes for disciplinary action.

The law lists over 24 contractor actions or practices that result in license suspension or revocation. Causes for disciplinary action can range from willfully disregarding contract plans and specifications to abandonment and misuse of funds.

In most cases, complaints originate when a party completes a consumer complaint form and submits it to a district or branch office. The public at large submits over one-half of these complaints. Other complainants include trade associations, unions and building inspectors.

Upon receipt of a complaint form, district or branch offices usually send complaints through a process of screening, investigation and disposition. Although some complaints are resolved during the initial screening stage, most complaints are assigned to a field investigator's (deputy registrar) case file for formal investigation. Deputy registrars are responsible for interviewing claimants and respondents, collecting evidence, documenting findings, drafting charges and testifying before disciplinary bodies.

Complaints are closed at various processing stages--during screening, following a negotiated settlement between the parties, after referral to disciplinary action or following an investigation when there is a finding of no violation.

Although the CSLB has no written time limitations for processing consumer complaints, management told us that the average time a complaint should be open is 90 days.

During fiscal year 1977-78, CSLB received approximately 36,000 complaints--34,000 were referred to investigation and over 24,000 were closed.

Processing Delays  
and Workload Backlog

To test the CSLB's timeliness in handling consumer complaints, we reviewed all the complaints closed during calendar year 1977 to determine the average time elapsed from the date a complaint is received to the date it is closed. The review results are as follows:

**ANALYSIS OF COMPLAINT INVESTIGATIONS CLOSED IN 1977  
TO DETERMINE AVERAGE DAYS OPEN\***

<u>Closing Disposition</u>	<u>Number of Complaints</u>	<u>Percent of Total</u>	<u>Average Days Open</u>
<b><u>Licensees</u></b>			
Referred to disciplinary action	508	2	278
Compliance obtained	5,607	27	168
No jurisdiction	588	3	183
No violation	1,697	8	159
Settled	<u>8,311</u>	<u>40</u>	<u>135</u>
<b>Subtotal</b>	<b><u>16,711</u></b>	<b><u>80</u></b>	<b><u>155</u></b>
<b><u>Non-Licensees</u></b>			
Referred to prosecution	513	3	325
Unable to serve warrant	280	1	193
Guilty	535	3	196
Not guilty	88	0	221
No jurisdiction	1,050	5	144
Compliance obtained	<u>1,696</u>	<u>8</u>	<u>138</u>
<b>Subtotal</b>	<b><u>4,162</u></b>	<b><u>20</u></b>	<b><u>156</u></b>
<b>Combined Total</b>	<b><u>20,873</u></b>	<b><u>100</u></b>	<b><u>155</u></b>

\*This analysis does not include 114 application investigations closed during this period.

As shown in the preceding analysis, the average time necessary to close a single complaint was 155 days--nearly two months longer than it should take according to CSLB management. Moreover, because each deputy's caseload increased after 1977, we estimate that current processing time may be over 180 days per complaint. Average resolution time for comparable boards and bureaus within the Department of Consumer Affairs ranges from 30 to 90 days.

We also analyzed CSLB's open complaints. Over 22,500 complaints were pending resolution as of March 1, 1979. This pending caseload inventory represents approximately six months of workload backlog or a caseload of 194 per deputy. Over ten percent of this caseload was pending over one year.

CSLB management told us that a caseload per deputy of 60 to 100 complaints, representing a two-to-four-month backlog, would be a more manageable, realistic workload. The current workload backlog is viewed as unacceptable by CSLB management. In our opinion, a certain level of backlog is acceptable. However, the larger the backlog, the longer it takes to close new complaints and the less responsive CSLB is to the public.\*

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\* See Appendix B for an analysis of workload backlog and staffing needs.

**Factors Affecting Efficient  
Processing of Consumer Complaints**

We have identified several factors that collectively impede the processing of consumer complaints. Some of these factors, particularly in regard to workload increases and staff productivity, are addressed in Appendix A of this report. Other principal causes are:

- Absence of work standards and control procedures
- Lack of standardized operational procedures
- Inadequacies in staff training.

In addition, various aspects of CSLB's enforcement program also contribute to processing delays and workload backlogs. This subject and other enforcement program issues are discussed in the section entitled "Matters for Consideration by the Legislature."

**Lack of Work Standards  
and Control Procedures**

The CSLB has failed to develop sufficient procedures to monitor and control the amount of time expended on complaint processing and investigation. Field offices operate without processing time goals, reviewing caseloads, issuing periodic investigation reports or controlling the number of field visits.

Because field supervisors are unable to adequately monitor and evaluate investigative efforts, they cannot reduce growing caseload backlogs that delay normal complaint processing.

The Andersen report of 1973, in a section entitled "Controlling Deputy Effort," recommended CSLB institute these procedures for supervising deputies:

- (Develop) guidelines regarding the maximum number of visits or contacts on case(s) without supervisor approval
- Require explanation and review of cases held beyond a certain length of time
- Establish a supervisory review of cases worked (by deputies) during the preceding week.

The CSLB has not implemented these recommendations.

The 1975 Department of Finance report also found that the CSLB needed an improved process for managing investigators' workload and efficiently using existing staff. The Investigative Management Information System was developed to address this need; however, as described in the next portion of this report, the system's deficiencies disallowed the accomplishment of these objectives.

CSLB officials told us that it is difficult to establish definite processing goals for complaints because each complaint is unique and may require more or less investigative time based on the complexity of the situation. Our review of other consumer agencies, however, revealed that they have established procedures for controlling investigative efforts. Some of the procedures include specific time limitations for various stages of the investigation, required investigative reports, processing time goals and standards and monthly supervisory review of staff's investigation performance.

Lack of Standardized  
Operating Procedures

CSLB has failed to implement standardized operating procedures for its field offices. Although written procedures exist for some activities, our visits to district offices revealed a wide variation in operating procedures. The lack of uniform processes can, in our opinion, have an adverse effect on the ability of CSLB management to control the complaint investigation program. Because operations are not uniform, CSLB has little assurance that field offices are utilizing efficient processing methods. On the following pages we have identified various problem areas where standardized procedures should be developed and implemented statewide.

Complaint-Screening Procedures. Although CSLB has developed some written procedures for screening incoming complaints, we found that the procedures actually vary from district to district. For example, some districts we visited conduct initial jurisdictional screening over the telephone to reduce the receipt of nonjurisdictional complaints. Other districts do not screen by telephone.

In addition, most offices place complaints in a 30-day suspense file before they are assigned to an investigator. Although some offices attempt to resolve the complaint during this suspense period, most offices simply wait 30 days then assign the complaint for field investigation.

As a result of these inconsistent screening procedures, CSLB closed only 5 percent of its complaints in screening in fiscal year 1977-78; other agencies within the Department of Consumer Affairs close 48 to 88 percent in screening.

Arthur Andersen and Company also recommended a standardized complaint-screening program in 1973. The recommendations included screening complaints first by telephone, creating a full-time senior deputy position in each office to administer screening responsibilities and resolving suspended complaints. The screening program was designed to close over 50 percent of incoming complaints. This program was not successfully implemented.

Complaint Priority System. CSLB has failed to develop a complete written policy defining their system of ranking priorities in complaint handling and investigation. The current system assigns priorities to numerous types of investigations, including application investigations, unlicensed activity, labor complaints, registrar expedites\* and fraud. Priority is often assigned regardless of the severity of the complaint or its potential for immediate harm to the consumer.

During our field visits some supervisors told us that the lack of a written policy on priority investigations, particularly those termed as registrar expedites, contributes to complaint-processing delays and workload backlogs. Similarly, officials at headquarters suggested that districts need a uniform, written policy on priority investigations to reduce time-consuming priority investigation activities and to ensure that priority investigations are based on the severity of complaints.

Investigation and Clerical Procedures. The current manual of procedures does not address all aspects of investigation and clerical responsibilities. As a result, field offices largely determine their own methods for performing their investigative and clerical duties. During our field visits we observed various procedures and techniques. For example, some clerks are given substantial authority to review, screen, code and assign complaints but other clerks are only responsible for

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\* Cases assigned priority status by the registrar of CSLB.

filling and correspondence work. Similarly, while field investigators in some districts rely heavily on telephone and correspondence efforts to conduct investigations, other investigators emphasize field visits and office conferences.

The CSLB management told us that the current manual of procedures should be expanded to address all investigative and clerical activities. Procedures should be defined in more detail in order to provide specific instructions and guidance to field investigators and clerical staff.

#### Training Deficiencies

CSLB lacks a comprehensive training program for field supervisors, deputies and clerical staff. With the exception of on-the-job training, staff at all levels receive little instruction in investigative and report-writing procedures. Most staff interviewed indicated they needed training in all aspects of their job. New deputies in particular need immediate training in report writing, investigative techniques, contractors' license law and mediation skills. Some supervisors reported that inadequate training of new deputies is a major contributing cause to workload backlogs and processing delays.

Moreover, experienced deputies have not received training on an ongoing basis. Supervisors indicated that in the past the only formal training that occurred was periodic regional

supervisor meetings. Recently, CSLB and the Department of Consumer Affairs training office developed a training program for supervisory personnel.

Public Adversely  
Affected by Delays

The problems cited above explain why CSLB's complaint-handling program is inefficient. Because of these weaknesses, this program has also directly impeded the timely resolution of legitimate consumer complaints. CSLB field offices have often subjected the public to frustrating processing delays, and have created the impression that these agencies are unresponsive. In the following paragraphs, we have recounted typical examples of conditions we found.

On August 1, 1977, a homeowner submitted a complaint to CSLB alleging various problems with kitchen linoleum installed by a licensed contractor. The claimant was visited by a field investigator on two occasions without resolution of the complaint. In May of 1978, nearly nine and one-half months later and after over 30 phone calls to CSLB, the investigator stated that the linoleum was improperly laid. During this time, the sale of the owner's home was delayed due to a contingency on the repair of the floor.

In September of 1976, a homeowner submitted a complaint to CSLB alleging problems with the foundation which was built by a licensed contractor. CSLB acknowledged the complaint, contacted the contractor and requested twice that corrective work be performed. CSLB closed the case after the second request without verifying that the problem had been corrected. After the homeowner's additional efforts to resolve the complaint, the case was reopened on September 19, 1977. As of September 13, 1978, two years after the original complaint was filed, the case remained open. The owner claims to have spent over \$3,000 on legal and private inspection fees in attempting to resolve the problem.

On October 28, 1977, a homeowner contacted CSLB in regard to a complaint alleging an improperly repaired roof that was leaking. Between October 1977 and December 1978 a field investigator visited the home twice and told the owner the complaint was valid and would be "taken care of." During this 14-month period the owner talked to the investigator 3 times and called the CSLB office 15 to 20 times but still his complaint was unresolved. As of January 27, 1979, 15 months since receipt of the complaint, the roof was still leaking.

The above examples demonstrate the effect that CSLB's workload backlog and inadequate complaint-handling system have had on the timely processing of legitimate consumer complaints.

## CONCLUSION

The CSLB has failed to develop and implement procedures to ensure the efficient processing of consumer complaints. Although increased workload has caused some processing delays, CSLB should address inadequacies in control systems, procedures and training to provide timely and responsive service to the public.

## RECOMMENDATION

We recommend that the Contractors' State License Board act immediately to reduce its backlog of complaints to a manageable level by:

- Evaluating and establishing a specific caseload level per deputy
- Developing a timetable with scheduled accomplishment dates to reduce caseloads to established levels
- Hiring short-term, temporary staff to close pending complaints, according to established timetables
- Assigning specific production goals to temporary staff to accomplish timetable objectives

- Monitoring performance through monthly activity reports.

In addition, we recommend that the CSLB develop and implement standardized procedures to facilitate the timely processing of consumer complaints, and specifically that it:

- Establish specific performance goals and control procedures to monitor and evaluate investigator productivity. Such procedures might include monthly production goals, caseload review, processing time standards and controls on field investigations;
- Develop and implement standardized operating procedures. These procedures should include a uniform complaint-screening process, a policy on priority investigations and standardized complaint-handling and investigative techniques for clerical and professional staff;
- Develop and implement a comprehensive training program based on standardized operating procedures. Training should be provided to newly hired deputies, experienced deputies and clerical staff.

After implementing these recommendations, CSLB should perform periodic reviews to ensure that new procedures are implemented as intended.

CORRECTIVE ACTION TAKEN

During the course of our review, CSLB and the Department of Consumer Affairs addressed certain of these problems.

The Contractors' State License Board:

- Drafted a procedural manual to outline the complaint-screening responsibilities of Consumer Services Representatives. CSLB should be augmenting its staff with 13 additional representatives on July 1, 1979;
- Hired 12 temporary help investigators financed with Title II Public Works funds during January 1979. These temporary positions were specifically assigned to reduce the backlog of old cases. Funding is available through June 30, 1979.

The Department of Consumer Affairs, in a report to the CSLB, recommended it implement a series of administrative reforms. Some of these recommendations are as follows:

- Develop a system and order of ranking priorities for handling complaints and initiating investigations;
- Develop a program of periodic caseload review;
- Develop and implement standard operating procedures;
- Develop continuous training programs.

THE CSLB'S MANAGEMENT INFORMATION  
SYSTEM IS INADEQUATE

The CSLB's automated Investigation Management Information System does not adequately address management needs. Because of design and implementation problems, the system fails to produce timely, accurate or appropriate data on CSLB's complaint investigation program. The weaknesses in the system have forced district supervisors to maintain duplicate manual systems.

In June 1978, CSLB discontinued preparation of system output reports; however, districts continue to prepare and submit input documents.

Investigation Management  
Information System

The CSLB's automated Investigation Management Information System was developed to provide a comprehensive system of information reporting and productivity measurement. The system was recommended by the Department of Finance to give CSLB's management sufficient information to effectively manage investigators' workload, achieve an efficient use of existing staff and to assist in planning, staffing and budgeting activities. The system was also developed because the manual information system CSLB previously used was inadequate. In fact, the Department of Finance study concluded that the gross data

collected by CSLB's manual system was subject to a number of distortions and therefore was not a reliable measure of performance.

The basic element of the automated system is a complaint record containing information on each complaint filed with CSLB. Each month new complaints are added to the master file; investigative time expended is compiled for each complaint record, and closure information is entered when complaint investigations are completed. The system is designed to provide monthly, quarterly and yearly reports on various aspects of complaint processing.

The computer program was written by the Department of General Services; data for the program is entered and processed at the Franchise Tax Board Data Processing Division.

#### Goals

These were stated the objectives of the system:

- Reduce the number of complaints referred to investigation;
- Identify and quantify nonproductive investigations;
- Reduce the number of nonproductive investigations;

- Accurately measure work backlog;
- Increase the number of investigations closed per investigator.

Goals Not Attained

During the two years of system operation, the above performance goals were not met. Instead, actual results are the inverse of these goals:

- The number of complaints referred to investigation has increased from 27,640 in 1975-76 to 34,579 in 1977-78;
- Nonproductive investigations have been identified but not quantified;
- Nonproductive investigations have not been reduced;
- Backlog has not been accurately measured;
- The number of investigations closed per investigator has decreased from 288 per year in 1975-76 to 246 in 1977-78.

Our review also revealed that the information the system provided was often untimely, inaccurate and inappropriate for management needs. We identified several factors that

contributed to these inadequacies, but the three principal causes are system design weaknesses, data processing delays and insufficient staff training.

#### System Design Weaknesses

System design is weak in various areas. Among these are (1) poor input form design, (2) errors in data input instructions and (3) inadequate output reports.

Activity logs are one example of poor input form design. Deputies record work time in quarter hour increments on daily activity logs. If time expended is not exactly a quarter hour increment then the time reported in the logs must be adjusted to the nearest quarter hour. Deputies are therefore forced to underestimate or overestimate investigative time because a quarter hour is an imprecise increment when used to account for all investigative work. Consequently, the system cannot accurately measure investigative effort or staff productivity.

In addition, changes in the data entry instructions eliminated two critical codes indicating complaint closure so that investigations were not closed on the master file. Instead of the system closing these cases, it carried them in an open status. As a result, the reports on closures and the number of investigations still open were inaccurate. Error rates were reported up to 20 percent.

When district supervisors were surveyed regarding the usefulness of system output, they reported the data to be untimely, inaccurate and confusing. Only 2 of 15 supervisors indicated the reports aided them in the management of their offices.

#### Data Processing Delays

Processing input documents and transmitting output reports to district offices normally requires three months. District supervisors told us that they need the prior month's performance data no later than 30 days after that month ends. Delays occurred at various processing stages. For example, districts sometimes submitted input documents 30 days late which consequently delayed the processing of output reports for all districts. In addition, total processing time from submission to Franchise Tax Board data processing to distribution of reports to districts was a minimum of 24 days.

#### Insufficient Training

We surveyed all of the 15 district supervisors to determine the extent and adequacy of training given to supervisory, field deputy and clerical staff in preparing input documents and using output reports. Only one-third of those surveyed said that clerks had received formal training. Only two of those offices considered such training adequate. Seven of the 15 districts received training for their deputies and again in

only two offices was the training considered adequate. Of the nine supervisors who received training on the interpretation and use of output data, only one evaluated the training as adequate.

Duplicate Manual  
Information Systems

Because of the inadequacies of the automated system, district offices have maintained or resumed duplicate manual information systems. The manual systems function concurrently with the preparation of automated system documents, producing monthly information on district performance. As of January 16, 1979, headquarters began compiling this data to provide statewide monthly information on district performance.

The information these duplicate manual systems collect is essentially the same gross data the prior manual system gathered. As noted earlier, these data were termed as inadequate to measure and evaluate the board's CSLB performance. Our survey questionnaire indicated that each district office spends an average of 37 hours per month in preparing these data manually.

District staff told us that the manual systems could be eliminated if the automated management information system provided timely, accurate and appropriate data. Furthermore, clerical staff could then perform other functions related to complaint processing.

Current System Status

In July of 1978, the CSLB discontinued the preparation of system output reports. Districts were required to continue submitting input documents but the data were not processed nor were output reports prepared. Monthly input data from July 1978 to the present are available for processing should the board decide to continue the system. In the interim, the management of CSLB has instituted a manual information system pending the continuance of the automated system. The system output was discontinued due to the deficiencies in the system and the need to use budgeted resources in other program areas.

The CSLB management recognizes deficiencies in its automated system and the need for an adequate system to effectively monitor and evaluate the productivity of the investigators. Staff members from the board and Department of Consumer Affairs are currently considering various options for reinstituting and improving the automated system.

To date the operational costs of the system at Franchise Tax Board and General Services have been:

	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>Total</u>
Franchise Tax Board	-0-	\$35,566	\$29,990	\$1,897	\$ 67,453
Department of General Services	\$13,408	20,159	2,846	-0-	36,413
Total	<u>\$13,408</u>	<u>\$55,725</u>	<u>\$32,836</u>	<u>\$1,897</u>	<u>\$103,866</u>

## CONCLUSION

The CSLB needs an adequate, accurate and timely information system to effectively monitor and manage its complaint-processing and investigative activities. Neither the automated information system nor the interim manual system provides adequate information for CSLB to effectively manage the complaint-processing program. Improvements are needed in system design, data processing flow and staff training.

## RECOMMENDATION

We recommend that the Contractors' State Licensing Board:

- Evaluate and determine management information needs and establish system objectives at district, regional and headquarter levels;
- Verify the current system's technical and documentation adequacy to provide needed information reliably and accurately. Technical assistance should be provided by the Department of Consumer Affairs Data Processing Unit;
- Consider implementation of the new components of the system on a step-by-step basis, prior to addressing the recommendations listed below. This procedure would ensure efficient transition and

sufficient reliability. As changes in system design prove successful, CSLB should introduce additional modifications.

Based on the above recommendations:

- Evaluate and modify input forms to eliminate unnecessary data and reduce preparation errors;
- Redesign the output reports to more accurately address those management needs evaluated in the first step;
- Improve data flow to reduce processing delays by eliminating time-consuming mailing lags, excessive processing stages and fragmented edit, review and correction procedures;
- Update procedural instructions;
- Develop and conduct training on preparation of input documents;
- Develop and conduct training to ensure more complete understanding of the data and its use.

Following implementation of the above recommendations, CSLB should conduct periodic operational reviews to both ensure that recommendations are carried out and to monitor the accomplishment of system objectives.

MATTERS FOR CONSIDERATION BY THE LEGISLATURE

The Contractors' License Law relating to disciplinary proceedings is primarily aimed at disciplining licensees who fail to perform in an ethical and proficient manner.\* Under the provisions of this law, formal disciplinary action usually takes the form of license suspension or revocation. All disciplinary proceedings brought against a licensee for code violations must be conducted in accordance with the Administrative Procedures Act. The ultimate objective of such a regulatory program is to prevent prospective consumers from being harmed. The Contractors' License Law, however, does not directly provide for correction of any actual damage the consumer-complainant may sustain.

In the course of our review of CSLB's complaint program, we found that in most cases, CSLB attempts to influence licensees to voluntarily remedy damages rather than initiate formal disciplinary action against them. We identified various factors that influence whether CSLB pursues formal actions in disciplining licensees.

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\* See also Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title II of the Government Code.

Formal Actions De-emphasized

Once the CSLB determines there is a code violation, it should, according to the statutory scheme, bring disciplinary action against the licensee. We found that officials in the board's regulatory program tend to mediate complaints in an attempt to persuade licensees to voluntarily remedy damages, rather than initiate strict disciplinary action against the licensee.

The following table is a summary of the CSLB's complaint activity for the seven previous fiscal years. It shows that the number of complaints settled by mediation efforts has increased while the number of complaints referred to disciplinary action has decreased. Also the percentage of formal actions filed has significantly decreased.

SUMMARY OF THE CSLB'S  
COMPLAINT AND ENFORCEMENT ACTIVITY

<u>Fiscal Year</u>	<u>Complaints Filed</u>	<u>Licensee Investigation Closed</u>	<u>Referred to Disciplinary Action</u>	<u>Percent</u>	<u>Formal Actions Filed</u>	<u>Percent</u>	<u>Settled Without Disciplinary Action</u>	<u>Percent</u>
71-72	23,112	12,848	668	5.2	406	3.2	6,361	49.5
72-73	26,761	14,956	657	4.2	370	2.5	7,417	49.6
73-74	30,176	19,247	713	3.7	262	1.4	9,131	47.4
74-75	31,998	23,472	878	3.7	426	1.8	10,436	44.5
75-76	29,270	22,918	1,008	4.4	483	2.1	10,129	44.2
76-77	30,445	17,947	620	3.6	383	2.1	8,637	48.1
77-78	35,397	19,096	556	2.9	331	1.7	9,564	50.0
78-79*		16,088	358	2.2			9,564	59.5

\*Figures for this year are estimates.

Factors Affecting The  
Use of Formal Actions

We have identified several factors that influence whether CSLB pursues mediation between licensees and consumers. Some of these factors are that:

- Formal disciplinary proceedings are both time-consuming and costly;
- Many complaints involve disputes over workmanship; in these instances, CSLB has difficulty proving willful misconduct by the licensee;
- Many complaints, even if valid, involve such minor injury as to be considered insufficient grounds for disciplining licensees;
- Disciplinary proceedings against a licensee cannot ensure restitution or provide a remedy to the harmed consumer.

Time and Cost of  
Administrative Hearings

We found the administrative hearing process to be lengthy and costly. The following table illustrates the average time involved in processing a complaint from the initial investigation and case preparation to the decision issued by the hearing officer. As shown below, the estimated time required to pursue formal actions is one year and eight and one-half months.

ESTIMATED TIME REQUIRED  
TO PURSUE FORMAL ACTIONS

District (investigation and case preparation)	9 months
Agency Presentation	2-3 weeks
Attorney General Presentation	1-3 months
Office of Administrative Hearings Calendar:	
Northern Region	3-4 months
Southern Region	6-7 months
Proposed Decision	1 month

Cost

CSLB is responsible for the costs of the court, the Attorney General's staff-time required to present the case and the hearing officer's traveling time.

The table below conservatively estimates the average cost of processing a formal disciplinary action.\*

THE COST OF PURSUING  
DISCIPLINARY ACTION

<u>Activity</u>	<u>Cost</u>
Investigation	\$ 200
Formal Preparation	150
Attorney General's Fee	1,324
Office of Administrative Hearing	<u>500</u>
Total	<u><u>\$2,174</u></u>

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\* The Department of Finance computed the average cost per case for Attorney General Services in fiscal year 1973-74 at \$2,880.

Other Considerations of  
Bringing Formal Charges

The vast majority of complaints received by the CSLB relate to the failure of licensees to perform good work or to meet the performance conditions of the contract.\* In many of these cases it is extremely difficult to show willful misconduct by the licensee. Representatives of the Attorney General's Office stated that it is generally hard to prove willfullness.

Also, CSLB does not consider many valid complaints as sufficiently severe to justify the time and cost involved in bringing a formal action.

The registrar, in his May 1978 report to the board, proposed that after July of that year it would not investigate complaints wherein the contract price did not exceed \$750. These complainants would be referred to the small claims court. The board rejected this policy, opting to study other alternatives. To this date they have taken no further action.

Although mediation is authorized by law, there is no direct authority to require that licensees comply with the board's mediation requests. Consequently, CSLB spends considerable time and effort attempting to protect the consumer through mediation without sufficient statutory leverage to require compliance. As a result, case processing suffers delays (see previous discussion of CSLB complaint backlog).

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\* See Business and Professions Code, Section 7109.

The Legislature may wish to consider providing additional mechanisms that would permit CSLB to pursue its enforcement program more effectively. These mechanisms may include giving the Registrar discretion to determine which complaints CSLB would accept for investigation. This discretion might be prescribed by the following criteria:

- A \$200 small operation exemption comparable with Business and Professions Code Section 7048
- A minimum contract price equal to the Small Claims Court maximum award
- A percentage between the contract price and the actual damages incurred.

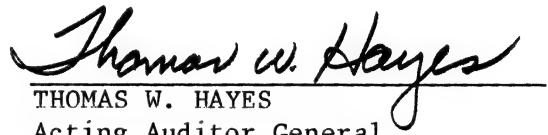
Other mechanisms might include additional stages in the enforcement program such as:

- A citation system similar to the one in current use by the Bureau of Automotive Repairs in which those who handle complaints issue Notices of Violation when allegations of unlawful activity are confirmed;
- "Arkansas Law"--currently used by the Structural Pest Control Board--derived from the State of Arkansas law which would authorize the CSLB to assess licensees for investigation costs when they are found in violation of the law;

- A binding arbitration process offered as an option by the CSLB to a licensee as an alternative to formal disciplinary action.

Finally, providing for CSLB in-house counsel could help reduce the time and cost of bringing a formal action.

Respectfully submitted,

  
Thomas W. Hayes  
THOMAS W. HAYES  
Acting Auditor General

Date: May 15, 1979

Staff: Harold L. Turner, Audit Manager  
Richard C. Tracy  
Martha H. Valdes  
Edwin H. Shepherd



1020 N STREET, SACRAMENTO, CALIFORNIA 95814  
(916) 445-4465



May 8, 1979

Mr. Thomas W. Hayes  
Acting Auditor General  
Office of the Auditor General  
925 L Street  
Sacramento, CA 95814

Dear Mr. Hayes:

Thank you for the opportunity to review your draft report No. 859 entitled, "Contractors' State License Board: Need For Improved Administration". My staff has communicated directly with your audit staff and pointed out some very minor technical corrections which should be made before the report is finalized.

Overall, I strongly support each of the specific recommendations made in the report to improve the procedures for investigating consumer complaints and to improve the Board's Management Information System. As you may be aware, I presented a plan to the Board in March of this year that contained a series of recommendations for improving the Board's operations. After several meetings with a subcommittee of Board members, the full Board adopted the vast majority of the recommendations on March 21, 1979. I am pleased to see that the independent analysis by your office resulted in recommendations which closely parallel our own. Hopefully, both of these efforts will result in a revitalized Board that is able to cope with the problems of handling consumer complaints in an efficient and effective manner.

In conclusion, I appreciate the professional and constructive approach that your staff took in conducting this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard B. Spohn".

RICHARD B. SPOHN  
Director



## CONTRACTORS' STATE LICENSE BOARD

1020 N STREET, SACRAMENTO, CALIFORNIA 95814

TELEPHONE: (916) 445-7500



May 8, 1979

Mr. Thomas W. Hayes  
Acting Auditor General  
925 L Street, Suite 750  
Sacramento, California 95814

Dear Mr. Hayes:

We, the undersigned, have been asked by Juan Ferrer, Chairman of the Board of Contractors to add our comments to your report.

The Board feels that the report has focused precisely on the problems in the areas they undertook and we commend your office and the personnel who worked on the report.

We are addending to this letter a copy of a report submitted by the Budget and Finance Committee at its recent meeting. It tends to highlight some of the same problems and concerns your report brings out.

If we were to argue any particular finding within your report, it would be that which deals with the number of cases closed per CSR and Investigating Deputy. The attached report indicates that, based on the best statistical information available to us and considering the current state of this Agency during the fiscal year 79-80, the closure rate of 396 cases per CSR and 240 cases closed per Deputy annually is much more realistic.

In addition to the rationale used regarding those figures in our report, we would like to add the following:

- 1) There is a need for a great deal of additional training for not only our existing investigatory staff but for the new and potential employees of this Agency.
- 2) We have too long dealt with the quantitative ratio of complaints closed rather than the qualitative ratio of complaints closed.

We believe that our figures are much more realistic, at least as they apply to the 79-80 budget year.

Mr. Thomas W. Hayes  
Page 2

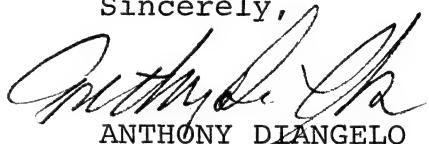
May 8, 1979

Certainly, once the ship is set right and is operating efficiently, then the closure ratio will more appropriately meet the ones in your report.

Additionally, our estimate of complaint backlog as of July 1 of this year of 22,000 is much more accurate than the 18,500 in your report.\*

We wish to thank you for this complete and comprehensive report and with the above cited exceptions we wholeheartedly concur.

Sincerely,



ANTHONY DIANGELO  
BOARD MEMBER



JUDITH QUINE  
BOARD MEMBER

AD:mt

enclosure

\* AUDITOR GENERAL NOTE:

Our analysis of workload backlogs and staffing requirements in Appendix B has been adjusted based on a revised estimate of backlog of 22,000 complaints as of July 1, 1979.

A REPORT TO THE  
CONTRACTOR'S STATE LICENSE BOARD

FROM THE COMMITTEE ON  
BUDGET & FINANCE

Lisa Keehen  
Lisa Keehen, Chairperson

Judith Quine  
Judith Quine, Member

John Lazzara  
John Lazzara, Member

Warren McNely  
Warren McNely, Member

Tony DiAngelo  
Tony DiAngelo, Member

## INTRODUCTION

This report is submitted by the Budget and Finance Committee as a positive plan for action by this Board as it relates to the 1979-1980 budget year.

The genesis of this report is to move this Agency forward towards increased efficiency in its' operation so as to better protect both the California consumer and contractor.

To make this journey on the highway of increased efficiency it is essential that we determine where the journey starts, where it ends, and how we travel between those points.

For practical purposes we have determined appropriately July 1, 1979 as the start of our journey, and June 30, 1980 as its' conclusion. This report deals with the following areas.

1. Complaint Processing and Workload Analysis
2. Application and Examination Processing.

COMPLAINT PROCESSING AND WORKLOAD ANALYSIS (EXHIBIT I)

The estimated backlog of complaints beginning July 1, 1979 is 22,000. The estimated complaints received during FY 79/80, 36,000. The estimated number of complaints to be processed during FY 79/80 is 35,000 leaving a total unresolved complaints backlog at the end of FY 79/80 of 23,000.

The complaint resolved figures are based on a yearly closing factor of 396 cases closed per CSR (authorized 15) and 240 cases closed per year per Deputy, (authorized 121 including ICE Deputies) therefore, the estimated backlog that we will have on June 30, 1980, ASSUMING ALL POSITIONS ARE CONTINUALLY FILLED will be 23,000. As you can see, given the validity of these statistics and the fiscal constraints of the FY 79/80 budget act, AND NO CHANGE IN BOARD POLICY we will be virtually standing on the same starting spot on the highway on June 30, 1980.

Options A, B & C deal with reaching specific goals for specific case loads per permanent Deputy on 6/30/80 by the addition of LIMITED TERM PERSONNEL WITHOUT ADDITIONAL BOARD POLICY. Example, Option "A" indicates that if we wish to be at a backlog of 60 complaints per authorized Deputy position on 6/30/80, we will need 41 additional Limited Term Deputy I investigators and 15 additional Limited Term Consumer Reps. for a total additional cost of \$977,334.00 (over the 79/80 budget).

If the Board adopts a policy of material injury claims under \$750.00 be referred to small claims court the estimated complaint reduction will total 4,500. Applying the same case

criteria as found where NO BOARD POLICY is in effect, ie., 60, 100,120, but with the small claims court option as policy, the limited term personnel are substantially reduced. Example, under option "B", to bring case load to 100 per permanent Deputy position would require an additional 27 Limited Term Deputy I at a cost of \$454,643.00 (over the 79/80 budget).

It is important at this juncture to take a hard look at Exhibit I with a view towards both its' statistical validity and its' philosophical presumptions. So we will now in a sense become our own devil's advocates.

1. Can this Agency realistically be at any of the points it mentions?
2. Will simply throwing money, (additional personnel) at the problem resolve the situation?
3. Why the various breakdown of personnel, ie., CSR's Deputy I, (under options A, B, & C, no Board policy change)?
4. Why, (with Board policy change) add only Deputy positions, why not a different mix?
5. Why 396 cases per CSR and 240 per Deputy?

We are sure more questions could be asked.

We can't be absolutely sure that if the Board were successful in attaining additional funding at the beginning of FY 79/80 for any of the options in Exhibit I that success could be guaranteed.

We do feel however, that if this Agency is to have a reasonable case load per permanent Deputy position on 6/30/80 that NO NEWLY ADOPTED BOARD POLICY, including the one in Exhibit I ALONE, or any new administrative (staff) policy that leads to increased efficiency ALONE, or BOTH in combination will do the job for Exhibit A clearly shows that if it were not for the backlog of cases that we will have on July 1, 1979 that this agency can maintain a decent level of case backlog with all authorized personnel. Also, if it were not for this backlog the implementation of Board/Staff policy would be much more effective. Therefore, THERE MUST BE INFUSION OF ADDITIONAL PERSONNEL AT THE BEGINNING OF FY 79/80.

The argument can very well be made as to what the mix should be and the argument can also be made on where we will be in terms of our final destination, but NEVERTHELESS, given the anticipated work load for the year, and given the BEST and MOST EFFICIENT of Board/Staff policy, WE WILL STILL NEED ADDITIONAL PERSONNEL.

Regardless which course the Board wishes to pursue, (options A, B & C, with/without Board policy change) ONE FACT BECOMES ABUNDANTLY CLEAR, THAT ANY STATISTICAL INFORMATION GENERATED BY THE USE OF ANY ADDITIONAL LIMITED TERM PERSONNEL MUST BE KEPT SEPARATE FROM THE STATISTICAL INFORMATION OF PERMANENT PERSONNEL AND CLOSELY MONITORED. This way course deviations on our trip, (change in mix or policy) may be made as their need becomes apparent.

The reason that no additional Limited Term CSR's were considered in options A, B & C, with Board policy was that in the opinion of the committee, CSR's, (15) could handle the screening of the estimated 4,500 complaints without being over-burdened.

Since the statistical information generated by Exhibit I is based on all positions being filled at all times during FY 79/80, it would be interesting to reflect for a moment on the statewide reports of investigative activity that Board members have received for January, February and March 1979. (copies attached).

The statistics indicate that 10,280 cases were closed during this period. What the reports do not contain are the statistical breakdown on who closed what and what the average monthly closure was. The following should prove to be very useful in analyzing the validity of the case load factors used in Exhibit I.

<u>POSITIONS</u>	<u>AUTHORIZED</u>	<u>ACTUAL</u>	<u>TOTAL CASES CLOSED</u>	<u>AVG. PER MO. CLOSURE</u>
DEP.	114	104	8,195	26.27
CSR	2	2	234	39.00
DEP (ICE)	8	4	263	21.92
DEP (PWEA)	12	8	1,588	66.17
<hr/>				
TOTAL	136	118	10,280	

There are several things of interest here;

1. That the Deputy (PWEA) case closure average is approximately 2.5 times that of the investigative Deputies. Basically these

positions were filled by recent Deputy retirees who were assigned old cases for follow-up investigation. Many of these cases were closed because the complainant either was no longer available, (moved out of the area) or the complaint itself had been resolved between the claimant and licensee and not reported. The Title II funding for the Deputy (PWEA) will cease by July 1, 1979.

2. If this Agency had been at full investigative staff, including both authorized permanent and limited term personnel since January 1, of this year and based on the average closure per type of staff (ref chart above) an additional 1,845 cases could have been closed, leaving a balance of 20,395 rather than the 22,240 reported in the March '79 Statewide Investigation Activity Report.

3. That if you discount the DEP (PWEA) this Agency was short about 10% of the investigative personnel it is authorized to have in the FY 78/79 and which authorization is also included in the FY 78/79 budget or by Title II funding (8 ICE). Therefore, it becomes apparent that regardless of the requirement for additional personnel, we would have an even greater backlog on 6/30/80 than shown in Exhibit I, UNLESS WE ARE CONTINUALLY AT FULL STAFF AUTHORIZED IN THE 79/80 BUDGET.

4. A budget change proposal was approved for a mid-year revision of the FY 78/79 budget that allowed for 13 additional CSR;s. Unfortunately, due to administrative policy, (5% reduction in the 78/79 budget) these additions never took place. (We are still trying to recover some of that funding through AB 104). If

we were to use a factor of .33, (CSR's functioning for one third of the year) and based on a 396 per year closure, an additional 1700 more cases could have been resolved by June 30, 1979.

The determination of the estimated cases closed per Deputy and CSR for FY 79/80 were arrived at by applying the following:

1. Assuming the authority to hire is given there will be an estimated 30 days before the personnel will be onboard.
2. Having hired personnel, non-productive time must be given over to their proper training.
3. Even with substantial proper training it will take some time to bring their efficiency in line, (since they will probably be new to our system and laws) with the more experienced personnel of this Agency.

Therefore we believe that given the above and adding that new Board/Staff policies brought on-line will probably cause initially a slight decrease in the efficiency (cases closed) of veteran personnel, in retrospect the figures used in Exhibit I have validity.

During the course of this report you will notice that any mention of additional personnel are LIMITED TERM. There are several specific reasons for this.

1. Until the Agencies' EDP system is once again properly functioning we will not have totally valid statistics on the proper mix of personnel needed. (See attached list of motions passed by Board at 3/21 meeting.)

2. The total cost outlay per limited term versus permanent is less money.
3. If statistical information is developed that would necessitate a change in mix of any limited term personnel it can be more readily done under the limited term criteria.
4. This committee believes that the addition of permanent personnel to this Agency at this time is EXTREMELY PREMATURE. Until there is proper statistical input (i.e. until there is a proper breakdown of the types of cases this agency is handling, etc) than we will not know what the exact mix should be and any attempt by us, or others, is nothing more than conjecture.
5. Should this Agency be successful in securing additional limited term investigative personnel, those hired who have demonstrated a high degree of efficiency could be shifted to fill permanent positions vacated during FY 79/80 where possible.

## CONCLUSIONS

1. The Budget and Finance Committee feels that the infusion of meaningful Board/Staff policy are essential ingredients to making this Board more efficient and will certainly have a vital impact upon increased efficiency. However, even given meaningful policy, specific goals will not be reached entirely unless there is additional personnel added on a LIMITED TERM basis.
2. That the results of any Board/Staff policy and/or infusion of additional personnel be thoroughly monitored at all times and that the mechanisms to accomplish this should be established as a priority.
3. Based on council to the Board, the transference to another jurisdiction, (Small Claims Court) the responsibility of this Agency of any complaint of material injury without a full and complete investigation may be contrary to the intent of the Contractors' Licensing Law. That the policy recommended by the Budget and Finance Committee be adopted as an interim policy only. Council suggests that primarily legislative change be considered or secondarily, policy implemented through Board rule be considered in this matter.
4. That if the Board is successful in having the 79/80 budget act amended to reflect any increases, those increases may be conditioned on reporting whatever progress is made to a designated Department or to the Legislature itself. We believe this to be an appropriate condition and recommend that the Board be willing to accept any reasonable conditions that go along with an increase in budget.

## RECOMMENDATIONS

The Budget and Finance Committee recommends to the Board the following;

1. That the Board by motion, (see proposed motion #1) adopt the following complaint processing policy of referring conditioned complaints to Small Claims Court.

## POLICY

Upon investigation of any complaint where there is a material injury equal to or less than the equivalent dollar amounts established within the Small Claims Courts' jurisdiction of the origin of the complaint and where the Registrar has determined that the disposition of the complaint will result in unsuccessful mediation and that the complaint may be closed for lack of sufficient evidence to pursue disciplinary action against the licensee, or where the priority of the complaint does not warrant further investigation as a result of outstanding caseload, and where there are no other apparent violations of contractors' license law, the complainant shall be advised of the remedies available to them thru Small Claims Court action. Such complaints shall remain as open cases until such time as final disposition is made by the Small Claims Court process and notification of resolution is received.

2. That the Board by motion, (see proposed motion #2) have the Registrar present at the Board's June meeting for its' approval a POLICY IMPLEMENTATION PLAN.

3. That the Board by motion, (see proposed motion #3) implement this policy change effective July 1, 1979.
4. That the Board by motion, (see proposed motion #4) determine that the adopted policy be set for review at its October 1979 meeting and each succeeding meeting thereafter as long as the policy is in effect.
5. That the Board by motion, (see proposed motion #5) request the Director of the Department of Consumer Affairs to expeditiously process a request to the Department of Personnel that the hiring freeze affecting the Contractors' State Licensing Board be lifted as of July 1, 1979.
6. That the Board by motion, (see proposed motion #6) adopt option C <sup>to/Policy</sup> as being necessary for the purpose of meaningful operation of the Contractors' State License Board.
7. That the Board direct the Legislative Committee to include such language in Assembly Bill 1363 the addition of which could allow by statute this Agency to pursue a more meaningful policy as it relates to Small Claims Court.
8. That the board continually review all the facets of this agency with a mind toward adopting any reasonable Board/ Staff policies that would make this agency more efficient including such areas as reorganization of both administrative and investigative staff, consolidation or expansion of existing regional, district or branch offices; and relocation of physical plants to reflect better efficiency, etc.

PROPOSED MOTION

1. It is moved that the Board adopt a complaint processing policy of referring conditioned complaints where material injury does not exceed the limits of Small Claims Court.

PROPOSED MOTION

2. It is moved that the Board have the Registrar present at the June meeting for its' approval a POLICY IMPLEMENTATION PLAN, such plan to include but not necessarily be limited to the following;
  - a.) a list of all information that will be given to the complainant, ie., pamphlets dealing with the Small Claims Court procedure, including how to file, where to file, etc.  
(Registrar to provide actual pamphlets to be used if any or written instructions if any.)
  - b.) The follow-up procedures including any forms that would indicate how the complaint is proceeding, including notification of court dates, court findings, etc.
  - c.) Notification to respondent where a finding by Small Claims Court against the respondent is found, what penalties, (if any) may be applicable as a result of failure to comply.
  - d.) How these statistics generated by the implementation of this policy will be separated and what statistical information is necessary for its proper monitoring, etc.
  - e.) How the finding of material injury will be determined.

NOTE: It is the recommendation of the Budget and Finance Committee that upon passage of the above motion an ad-hoc committee consisting of three (3) Board members be appointed to assist the Registrar in the drafting of the Policy Implementation Plan.

PROPOSED MOTION

3. It is moved that the Board adopt the Small Claims Court policy effective July 1, 1979.

PROPOSED MOTION

4. It is moved that the Small Claims Court policy be set for review at its' October 1979 meeting and at each succeeding meeting thereafter as long as such policy remains in effect.

PROPOSED MOTION

5. It is moved that the Board request the Director of the Department of Consumer Affairs to immediately begin processing a request to the Department of Personnel that the hiring freeze affecting the Contractors' State License Board be lifted as of July 1, 1979.

PROPOSED MOTION

6. It is moved that the Board determines that option C w/policy be officially adopted as being necessary for the purpose of meaningful operation of the Contractors' State License Board to carry out its' mandate by law and that the Board present this budget change policy at any and all hearings pertinent to the Budget adoption process.

CONTRACTORS STATE LICENSE BOARD

Complaint Processing/Workload Analysis

Output/Workload Level Options - Resource Requirements 1979-80

		No Change in Board Policy			Set Material Injury-\$750.				
		1979-80 Budget	Option A	Option B	Option C	1979-80 Budget	Option A	Option B	Option C
Estimated investigations pending - 7-1-79	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Complaints received (7-1-79 - 6-30-80)	+36,000	+36,000	+36,000	+36,000	+36,000	+36,000	+36,000	+36,000	+36,000
Less referrals to Small Claims Court						- 4,500	- 4,500	- 4,500	- 4,500
Less estimated complaints resolved (7-1-79 - 6-30-80)	-35,000	-50,760	-45,900	-43,500	-34,980	-46,260	-41,400	-39,000	
UNRESOLVED COMPLAINTS	23,000	7,240	12,100	14,500	18,520	7,240	12,100	14,500	
CASELOAD-per Deputy 121 authorized	190+	60	100	120	154+	60	100	120	
Permanent Positions									
Deputy II	43	43	43	43	43	43	43	43	43
Deputy I	70	70	70	70	70	70	70	70	70
Consumer Representatives	15	15	15	15	15	15	15	15	15
Limited Term Positions									
Deputy I (Labor cases)	8	8	8	8	8	8	8	8	8
Deputy I (Construction)	+41	+25	+19	+15	+10	+47	+27	+17	
Consumer Representatives	+15	+15	+15	+10					
COST									
Personal Services	\$2580165	\$3514624	\$3198165	\$3071377	\$2580165	\$3323291	\$3007067	\$2848955	
Communications	14575	16350	15950	15500	14575	15750	15250	15000	
Automobile	121298	162398	146359	140345	121298	168413	148364	138339	
TOTALS	\$2716038	\$3693372	\$3360474	\$3227222	\$2716038	\$3507454	\$3170681	\$3002294	
Additional	\$ 977334	\$ 644436	\$ 511184		\$ 791416	\$ 454643	\$ 286256		

Base for estimated cases closed  
 Deputy - average 125 hours per month, investigation time, work standard 6.25 hours to close=240 per year  
 Consumer Representative-average 396 complaints resolved through mediation

NOTE:  
 To reach reasonable caseload goals, all positions must remain filled.

EXHIBIT 1

CONTRACTORS' STATE LICENSE BOARD  
 REPORT OF INVESTIGATION ACTIVITY  
 FOR THE MONTH OF January, 1979  
 HEADQUARTERS: Sacramento

STATEWIDE REPORT

DISTRICT	INV PEND BEG MO	NEW CASES ASSIGNED	CASES CLOSED	INV PEND END MO	SAVINGS TO PUBLIC	PRIORITY CASES OPEN	INV PEND OVER 1 YR	CASES REFERRED TO FORMAL	NO D E P S
Fresno	1748	69	185	1632	17,459	0	421	4	8
Oakland	1673	117	232	1558	34,325	12	407	3	8
Redding	907	95	43	959	19,483	3	152	3	4
Sacto	2363	252	301	2314	59,944	4	169	18	8
San Fran	2325	175	239	2261	51,652	4	933	8	11
San Jose	1466	162	251	1377	51,995	7	161	6	7
Long Bch	1545	129	220	1454	17,915	5	143	1	6
So Cent	1118	74	351	841	19,127	9	67	0	3
Van Nuys	1438	234	313	1359	78,069	4	80	4	11
Ventura	832	122	163	791	94,289	0	90	4	8
West LA	1317	80	91	1306	9,481	2	165	3	7
Al Monte	1527	258	234	1551	41,006	0	25	7	9
Santa Ana	1694	111	281	1524	32,747	0	11	6	10
San Brdo	2294	246	285	2255	12,468	4	114	6	10
San Diego	2172	312	254	2230	72,718	0	235	0	7
No Reg	10482	870	1251	10101	234,858	30	2243	42	46
Cent Reg	6250	639	1138	5751	218,881	20	545	12	35
So Reg	7687	927	1054	7560	158,939	4	385	19	36
STATEWIDE TOTALS	24419	2436	3443	23412	612,678	54	3173	73	117

M	No. of Deputies & Cons Reps at month's end	117
O	Total Cases Pending Statewide	23,412
N	Total Cases Closed Statewide	3,443
E	Pending per effective position	200.10
T	Closed per effective position	29.43
C	Formals per effective position	.62
H		
A		
L		
P		
Y		

**CONTRACTORS' STATE LICENSE BOARD  
REPORT OF INVESTIGATION ACTIVITY  
FOR THE MONTH OF February, 1979  
HEADQUARTERS: Statewide**

**STATEWIDE REPORT**

DISTRICT	INV PEND BEG MO	NEW CASES ASSIGNED	CASES CLOSED	INV PEND END MO	SAVINGS TO PUBLIC	PRIORITY CASES OPEN	INV PEND OVER 1 YR	CASES REFERRED TO FORMAL	No. of Dep & CSR
Presne	1632	267	332	1567	54,580	0	371	5	9
Oakland	1558	102	365	1295	89,124	8	231	6	7
Alameda	959	50	38	971	4,367	4	192	3	4
San Joa	2314	266	340	2240	98,890	4	89	11	9
San Fran	2261	180	320	2121	70,261	4	935	9	9
San Jose	1377	268	277	1368	40,009	7	148	3	7
Long Bch	1454	152	144	1462	11,600	6	193	0	6
San Bern	841	72	74	839	6,172	10	73	0	3
San Luis	1359	258	367	1250	340,682	2	93	7	11
Ventura	791	169	121	839	62,039	0	89	0	8
San L	1306	60	151	1215	12,878	3	230	0	7
Monterey	1551	183	246	1488	47,370	2	57	2	9
San Ben	1524	180	308	1396	93,985	1	27	2	10
San Bmo	2255	243	274	2224	34,490	2	134	3	10
San Diego	2230	146	150	2226	62,411	3	209	8	7
Marin	10101	1133	1672	9562	357,231	27	1966	37	45
Contra Costa	5721	711	857	5605	433,371	21	678	7	35
Santa Riva	1560	752	978	7334	238,256	8	427	15	36
STATEWIDE TOTALS	23412	2596	3507	22,501	1,028,858	56	3,071	59	116

DEPUTIES	No. of Deputies & Cons. Report at month's end	116
INVESTIGATORS	Total Cases Pending Statewide	22,501
CASES	Total Cases Closed Statewide	3,507
PERIOD	Pending per effective position	194
PERIOD	Closed per effective position	30
PERIOD	Formals per effective position	.51

CONTRACTORS' STATE LICENSE BOARD  
 REPORT OF INVESTIGATION ACTIVITY  
 FOR THE MONTH OF MARCH, 1979  
 HEADQUARTERS: STATEWIDE

STATEWIDE REPORT

DISTRICT	INV PEND BEG MO	NEW CASES ASSIGNED	CASES CLOSED	INV PEND END MO	SAVINGS TO PUBLIC	PRIORITY CASES OPEN	INV PEND OVER 1 YR	CASES REFERRED TO FORMAL	NO. D E P S
Fresno	1567	189	139	1617	71,132	0	300	2	8
Oakland	1295	103	234	1164	48,807	9	189	1	8
Redding	971	62	70	963	17,209	2	221	16	3
Sacto	2240	367	316	2291	166,625	3	78	3	9
San Fran	2121	159	183	2097	61,134	7	712	6	9
San Jose	1368	220	295	1293	68,691	6	159	16	7
Long Bch	1462	139	181	1420	20,790	5	256	1	9
So Cent	839	182	144	877	18,902	10	45	0	4
Van Nuys	1250	287	325	1212	74,059	3	93	8	11
Ventura	839	175	145	869	48,610	2	114	4	8
West LA	1215	137	202	1150	14,245	3	198	5	5
El Monte	1488	230	252	1466	134,866	1	65	0	9
Santa Ana	1396	296	341	1351	50,986	1	26	10	10
San Brdo	2224	340	320	2244	25,043	3	199	2	10
San Diego	2226	183	183	2226	67,695	4	229	4	7
No Reg	9562	1100	1237	9425	433,598	27	1659	44	44
Cent Reg	5605	920	997	5528	176,606	23	706	18	39
Co Reg	7334	1049	1096	7287	278,590	9	519	16	36
STATEWIDE TOTALS	22501	3069	3330	22240	888,794	59	2884	78	119

M	No. of Deputies & Cons Reps at month's end	119
O R	Total Cases Pending Statewide	22,240
N E	Total Cases Closed Statewide	3,330
E T C	Pending per effective position	187
H A	Closed per effective position	28
L P	Formals per effective position	.66
D Y		

MOTIONS MADE AND CARRIED AT CSLB MEETING 3/21/79, SACRAMENTO

The following motions, moved by Board Member Judy Quine, all represented recommendations of the expanded Budget Committee.

#1. I move that the Board reclassify a field positions to a Career Executive Assignment CEA; that the Board instruct the Budget Committee to set all necessary paperwork in motion for the approval and hiring of a CEA; that the Board instruct the Registrar to hold the currently-vacant field Deputy I position in the Van Nuys office so that this position may be reclassified.

#2. I move that the Board direct the Registrar to (1) implement the new forms , already developed, for the application section which do not include a policy change and (2) present any of these forms which do include a policy change to the Board at its next meeting and (3) review the 3/19/79 Forms Management Center Report (also known as Messenger Report) and proceed with Shirley Mennick of the DCA to develop new forms, where indicated, commencing with all other sections at headquarters.

(Note: No fiscal impact)

#3. I move that the Board restructure the Administrative Assistant's job and transfer his clerical supervision of licensing operations to a Licensing Deputy; and instruct the expanded Busget Committee to recommend restructure of support services under the Licensing Deputy and necessary change in funding requirements for personnel, should any be required.

#4. I move that the question of discontinuing the practice of granting licensure on the qualifications of an RME be placed on the Agenda for the next Board meeting. The Budget Committee recommends the elimination of this practice, but believes the Board should take action only after the public has been given the proper opportunity to have its views aired under the heading of a specified Agenda item.

#5. I move that the Board request its Rules and Regulations Committee to submit a recommendation on Board Rule 775 concerning waivers to the Board at its next meeting.

#6. I move that the Board (1) instruct the staff to meet the timetable with scheduled implementation dates for introducing Consumer Service Representatives into field offices (see Budget Committee MEMORANDUM 3/19/79 Paragraph #9) - with date flexibility to accomodate only the availability of funds and CSR personnel and (2) instruct the Registrar to prepare and submit a breakdown of the CSR training program for the balance of '78-'79 fiscal year (if needed) and for '79-'80, the total cost of this program not to exceed \$5,000 and (3) to empower the expanded Budget Committee to add the cost of the CSR training program to the '79-'80 budget, if necessary.

#7. I move that the Board take action now regarding the investigative management information system by (1) adopting and implementing Alternatives Nos. 1 and 2 (see Director's Board Action ITEM #10) at a cost of approximately \$12,000 which shall come out of the available money for the system existing in the '78-'79 budget but not spent since the system ceased operation and (2) in July, when Alternatives Nos. 1 and 2 are in operation, the Board begin an operational study and feasibility study on the system so that - if indicated - it can prepare a BCP for the implementation of Alternative No. 3 in the mid-year Budget.

#8. I move that the Board instruct the expanded Budget Committee to meet with staff to begin determining appropriate staff mix throughout the agency and to prepare budget change proposals if necessary. (Note: In order to follow the Implementation Schedule given in the Director's Board Action ITEM #9a, the Registrar shall provide the Committee with the result of first two activities listed on Implementation Schedule of #9a at the April 11th meeting. This was not specifically part of the motion, but I include it here as it was previously indicated, and I wanted to remind the Registrar to start categorizing as indicated on the ~~schedule of #9a~~ In conjunction with the

MOTIONS OF 3/21/79 CONTINUED

#8 cont. meetings on staff mix, staff and the Committee shall also examine the total staff structure of the Agency throughout the State and recommend changes and budget changes where indicated.

#9. I move that the Board instruct the Registrar to (1) consult with Shirley Mennick of the DCA to develop a detailed order of priorities and a detailed system for handling complaints and initiating investigations and (2) submit his recommendations to the Board at its next meeting for Board action. This motion is intended to provide clear-cut guidelines within the Agency to identify and expeditiously act upon those complaints which present the greatest potential harm to the public. This motion also instructs the Registrar to prepare pro and con arguments regarding those matters which he believes to be of lowest priority and to present those arguments together with a recommendation on action to the Board at its next meeting.

APPLICATION & EXAMINATION PROCESSING

EXHIBIT II

The estimated number of applications and examinations as of 7/1/79 are 4,150. The total number of all applications and examinations received during FY 79/80 will be 46,327. Under staffing contained in the 79/80 budget an estimated 40,633 applications and examinations will be processed. ASSUMING ALL AUTHORIZED POSITIONS ARE FILLED FOR THE ENTIRE PERIOD. This will leave an estimated 9,844 applications and examination backlog as of June 30, 1980. With this backlog as you can see, applications for original licenses, (examinations waived) will be four months and applications for original licenses, (with examinations) 5½ months. All of the above is predicated on all positions being filled that are authorized in the FY 79/80 budget. Option "B" indicates that we can substantially reduce the total time it takes to process applications by the addition of 9.9 limited term personnel for an additional cost of \$105,704.00

In computing the additional personnel needed, consideration was allowed for those functions not specifically calling for a particular expertise, but nevertheless part of the processing of applications and examinations. These include;

1. The posting list.
2. The bond and fee letter.
3. The coding of new license records and bonds.
4. The physical creation of the files.

The rationale for the use of limited term personnel rather than the creation of permanent positions is essentially the same as previously mentioned in this report. The biggest asset in final determination of what permanent positions are needed will be the on-line and properly operating Automated License File.

RECOMMENDATIONS

1. That the Board by motion, (see proposed motion #7)  
adopt option B as being necessary for the purpose  
of meaningful operation of the Contractors' State License  
Board.
2. That the Board by motion, (see proposed motion #8)  
establish the policy that any additional expenditures  
in support for any other programs be closely monitored  
and approved by the Board.

PROPOSED MOTION #7

It is moved that the Board determines that option B be officially adopted as being necessary for the purpose of meaningful operation of the Contractors' State License Board to carry out it's mandate by law and that the Board present this budget change policy at any and all hearings pertinent to the budget ad-option process.

PROPOSED MOTION #8

It is moved that this Board directs the staff not to use any funds resulting from savings in areas of planned expenditures in support of any other programs until such transfer of funds from one plan to another is brought before the Board for it's approval.

# Memorandum

To : Mr. Thomas W. Hayes  
Acting Auditor General

Date : May 8, 1979

Subject:

From : Contractors' State License Board

Telephone: ATSS ( 8 )485-4797  
( 916 )445-4797

On May 4, 1979, I received a draft copy of Report No. 859, titled "Contractors' State License Board: Need for Improved Administration of the Complaint Processing Program." I wish to compliment your staff on the professional caliber of this report.

I stress that the comments that follow are my own and do not necessarily reflect those of the Board Members. I add these comments not to quarrel with the report but rather to place the overall picture in proper perspective.

The report confirms my earlier view of the problems that, in recent years, have prevented this Agency from being the effective regulatory group that it once was. The Agency is plagued with excessive workloads, lack of standard procedures, lack of training, lack of functioning investigative management system and excessive turnover and vacancies in staffing. (This situation exists in our Application Sections as well as the investigative phase of our operation.)

A number of steps have already been taken to alleviate our problems. A detailed Consumer Services Representative Manual of Procedure and Training Schedule is in the final draft stage. Centralized control of all statistical material including data processing has been assigned to one individual. An updated instruction manual for Investigative Management is being drafted and training seminars are planned in the near future. Incoding will be performed by Agency staff to reduce the error factor previously encountered. Starting July 1, the deputies will report investigative time in minutes rather than 25/100 of one hour.

The report uses the figure of 24.5 investigative closures per deputy per month and calculates work standards on that basis. While that has been the figure in recent months, it is a standard that stresses quantity not quality. We must return to a stress on quality since it is only the quality of the investigation that determines the level of service being provided to the public. Establishing a work standard of 20 closures per month would allow much needed time for retraining of staff, regularly scheduled case reviews, and preparation of reports for disciplinary action. It must also be noted that the introduction of the Consumers Services Representative to the investigation process will reduce the quantity of cases closed by the field deputy since the Consumer Services Representative will resolve the less complex complaints.

Following are some of the steps that I believe must be taken to cure the ills noted in the report:

- 1) A properly staffed training unit. This unit must include an individual to write procedure manuals for all facets of Agency duties. The unit would conduct training sessions and monitor employee performance on a regularly scheduled basis.
- 2) An assistant to the Agency's Auditor.
- 3) Introduction of data terminals to the District Offices should be given consideration. Cumbersome manual processing in the District Offices would be eliminated and the Districts would have needed access to complaint histories of anyone of our 144,000 licensees.
- 4) A clear definition of the term "material injury" must be established. I believe that it would be preferable that this be done through legislation.
- 5) Legislation to permit civil penalties to be levied against contractors would speed the process of investigation and provide the deputy with an additional enforcement tool.

The most pressing need is to rid this Agency of its unmanageable backlog. I believe this must be done in conjunction with current reorganization plans now being implemented. To draw comparison, when a house is on fire one does not construct a room addition. In order of priorities, first, the fire must be put out, second, the fire damage must be repaired and finally the room addition can be constructed.

Currently, the Agency is the victim of "Catch 22". Heavy caseloads reduce morale and cause excessive turnover of personnel, particularly our more talented employees. Resulting vacancies cause greater workload and further inhibit productivity. Lower productivity and quality of investigations produces greater public dissatisfaction.

Some may believe that we must increase productivity and cut backlogs with current personnel before we are worthy of additional staffing. I believe this is comparable to telling a drowning man that he must learn to swim before being given a life preserver.

I appreciate the fact that I have been given the opportunity to comment on the report and I trust that my comments will be of some aid to those who study the document.

Sincerely,



MEL COOPER  
REGISTRAR OF CONTRACTORS

MC:mt

THE IMPACT OF WORKLOAD, STAFFING  
AND PRODUCTIVITY ON CSLB COMPLAINT BACKLOG

In addition to reviewing the effect that procedural problems have on the efficiency of CSLB's complaint-processing program, we evaluated the impact of workload increases and staff productivity. In order to assess this impact, we evaluated various trends in the board's operations over a nine-year period from 1970 to 1979. Table X displays data on complaint workload and authorized staffing. Table Y displays data on staff productivity and workload per position. Table Z displays data on projected workload, staffing and productivity.

As shown below, between 1970-71 and 1976-77, investigative staff levels generally kept pace with workload increases. While complaints rose from 19,902 in 1970-71 to 30,445 in 1976-77, an increase of 52 percent, authorized staff increased from 77 positions to 113, or 47 percent.

TABLE X  
CSLB WORKLOAD AND STAFFING  
1970 TO 1979

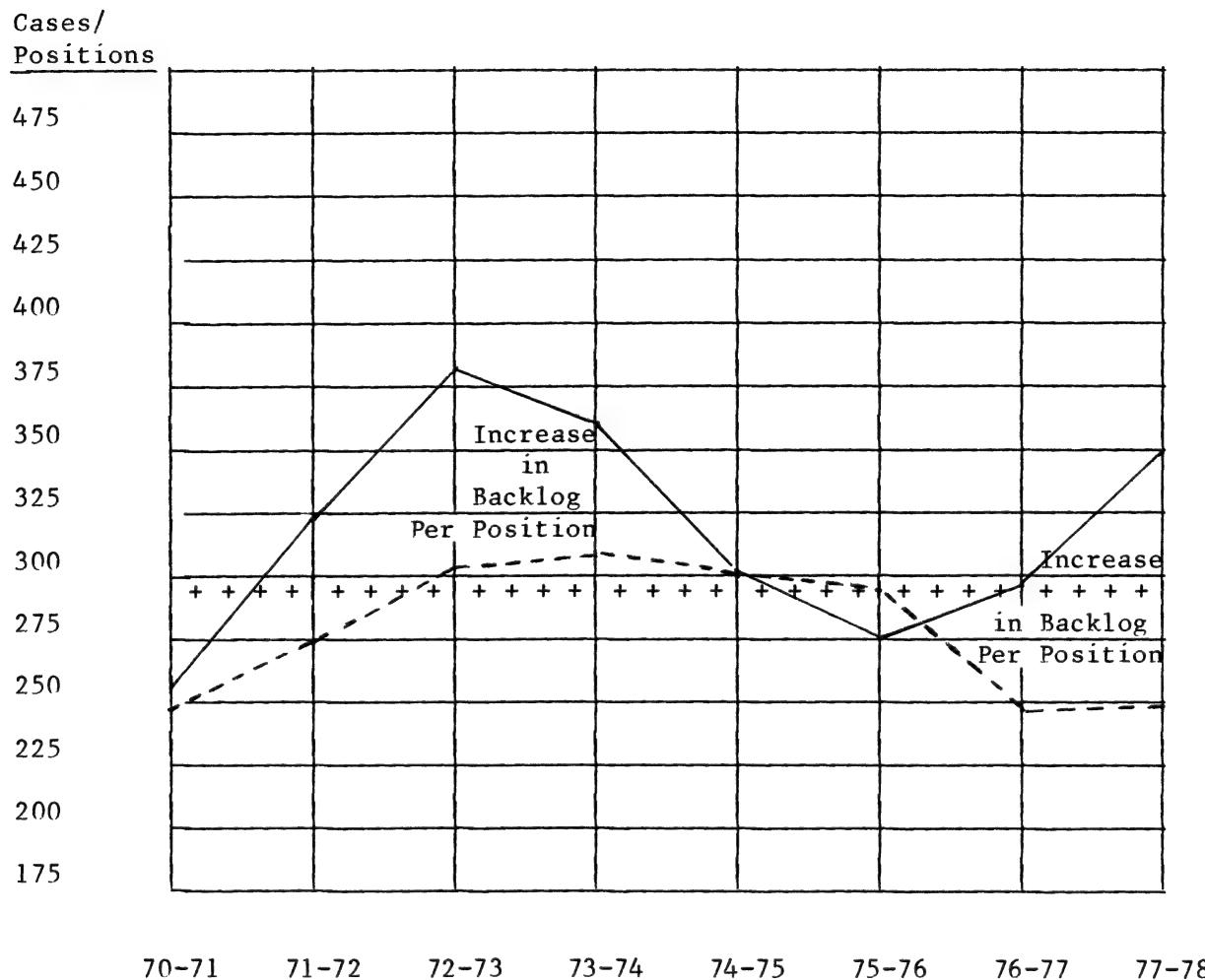
<u>Year</u>	<u>Complaints Received</u>	<u>Percent Increase Year-to-Year</u>	<u>Authorized Staff</u>	<u>Percent Increase Year-to-Year</u>
1970-71	19,902	--	77	--
1971-72	23,112	16	80	4
1972-73	26,761	16	80	0
1973-74	30,176	13	104	30
1974-75	31,998	6	116	12
1975-76	29,270	( 9)	114	( 2)
1976-77	30,445	4	113	1
1977-78	35,998	18	113	0
1978-79*	36,000	0	116	3

\*Figures for 1978-79 are estimates.

In 1977-78, however, CSLB experienced an 18 percent increase in the number of complaints received with only a 3 percent growth in staffing the following year. Moreover, this workload increase was compounded by a significant decrease in staff productivity (cases closed per position) in fiscal year 1976-77 and 1977-78. Between 1970-71 and 1975-76, CSLB investigators closed an average of 288 cases per year or 24 cases per month. In fiscal year 1976-77 and 1977-78, investigators closed an average of 243 cases per year or 20 cases per month. As shown in Table Y, the result of the rising workloads and dropping productivity was a dramatic increase in backlogs in 1977-78.

TABLE Y

IMPACT OF WORKLOAD  
AND STAFF PRODUCTIVITY  
ON BACKLOG INCREASES



— Number of cases received per filled position.

----- Number of cases closed per filled position.

++++++ Productivity standard based on 288 closures per year.

Although workload increased by 18 percent in 1977-78, had CSLB maintained a productivity level of 24 cases closed per month, backlog at the end of fiscal year 1977-78 would have been nearly 50 percent less. Table Z compares actual backlog and

caseload to projected backlog and caseload levels had CSLB maintained an average productivity standard of 24 cases closed per month. As shown, total backlog at the end of 1977-78 would have been 11,618 cases compared to an actual backlog of 20,838. Caseloads per filled position would have been 112 contrasted with 201.3.

In our opinion, while workload increases have affected the level of complaint backlogs to some extent, the drop in staff productivity during fiscal year 1976-77 and 1977-78 also appears to be a major influence. Although we did not evaluate the reasons for the drop in staff productivity, some of the causes may include a growth in case complexity, the emphasis on complaint mediation and the procedural weaknesses described in the first portion of this report.

TABLE Z

PROJECTED CSLB WORKLOAD  
STAFFING, AND PRODUCTIVITY  
BASED ON A PRODUCTIVITY LEVEL  
OF 24 CLOSURES PER MONTH

	<u>1976-77</u>		<u>1977-78</u>	
	<u>Projected</u> <u>Based on</u> <u>24 Closures</u> <u>Per Month</u>	<u>Actual</u>	<u>Projected</u> <u>Based on</u> <u>24 Closures</u> <u>Per Month</u>	<u>Actual</u>
Complaints Closed	30,499	25,420	29,808	25,487
Complaints Open (Backlog)	7,246	12,268	11,618	20,838
Filled Positions	105.9	105.9	103.5	103.5
Cases Closed Per Filled Position	288	240	288	246.2
Caseloads Per Filled Position	68	115.8	112	201.3

Source: CSLB Workload, Performance and Staffing Statistics

CSLB WORKLOAD BACKLOGS AND  
STAFFING REQUIREMENTS

By July 1, 1979, CSLB's complaint backlog will be approximately 22,000 cases, representing a caseload per authorized position of 190 ( $22,000 \div 116$ ). If 121 deputy and 15 CSR positions are approved for fiscal year 1979-80, caseloads per authorized position would be reduced to 162 cases per position. For CSLB to reduce caseloads to a maximum acceptable level of 100 per position, it must reduce backlog by 8,400 cases to 13,600 ( $100 \times 136$ ).

In the next section we will project workload levels and staff productivity during fiscal year 1979-80 to estimate the time and staff required to close 8,400 cases.

Productivity

Realistic productivity standards for deputy registrars would be 24 closures per month, and for consumer representatives, 40 closures per month. The deputy registrar standard is based on the following factors (1) productivity between fiscal year 1970 and fiscal year 1975 averaged 24 closures per month,\* (2) the Andersen report in 1973 recommended a productivity standard for deputies of 25 closures per month and (3) deputy productivity for

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\*See also Appendix A.

the first eight months of the current fiscal year averaged 24.5 closures per month. The consumer representative productivity standard is the existing standard set by CSLB. Based on these productivity standards, the CSLB should close the following number of complaints in fiscal year 1979-80.

	<u>Number of Authorized Positions</u>	<u>X</u>	<u>Closures Per Month</u>	<u>X</u>	<u>Number of Months</u>	<u>X</u>	<u>Total Closures 1979-80</u>
CSRs	15		40		12		7,200
Deputies	121		24		12		<u>34,848</u>
							<u>42,048</u>

#### Projected Workload

Workload in the current fiscal year is expected to demonstrate little growth in the number of complaints received over the prior year. If the complaint workload increases by 5 percent in fiscal year 1979-80, CSLB will receive 37,800 complaints.

Based on the above productivity and workload levels we can estimate the time and staff required to reduce July 1, 1978, backlog by 8,400 in fiscal year 1979-80.

### Time and Staffing Requirements

Projected closures in fiscal year 1979-80 are 5,048 greater than projected workload.

42,048 projected closures  
-37,800 projected workload

5,048 surplus closures

These surplus closures can be subtracted from the 8,400 closures needed to reduce the backlog to 13,600 cases, resulting in 3,352 cases remaining to be closed.

8,400  
-5,048  
3,352

If backlog is to be reduced to 100 cases per man in fiscal year 1979-80, temporary staff is needed to close the remaining 3,352 cases. Currently, 12 temporary staff positions supported by Public Works Title II funding are assigned to various district offices. CSLB management has assigned each temporary staff member responsibility for 40 closures per month.

If this productivity standard is maintained in fiscal year 1979-80, temporary short-term staff may be assigned to close the remaining 3,352 cases at the following levels of staffing and duration:

<u>Number of Temporary Staff Positions</u>	<u>Closures Per Position</u>	<u>Number of Months</u>	<u>Total Closures</u>
<u>Per Month</u>	X	X	=
8	40	10	3,200
11	40	8	3,520
12	40	7	3,360

These staffing and workload estimates are based on projections of productivity and incoming complaints. If productivity standards vary or complaints received increase dramatically, adjustments may be needed in the levels of staff and time required. Similarly, if the board desires caseloads per position of less than 100, these levels may need further adjustment.

**Office of the Auditor General**

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps